



FEDERAL LABOR STANDARDS (DAVIS BACON and RELATED ACTS)

Grant Administration Guide Contents (All Davis Bacon Pages Begin With the Letter D)

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FEDERAL LABOR STANDARDS (29CFR Part 5)

Overview

Michigan State Housing Development Authority, Community Assistance Team, Community Development Block Grant (CDBG) grant recipients are required to comply with federal labor standards when using grant funds for construction activities. In general, federal labor standards will apply if the project involves CDBG funded construction activities in excess of \$2,000. Construction is defined in its broadest form and includes rehabilitation, repair work, painting, decorating, and the cost of installing machinery and equipment if it is more than incidental (13% or more of total cost).

Federal labor standards requirements stem from the following federal statutes:

The Davis-Bacon Act

The Davis-Bacon Act was enacted in 1931, amended in 1935 and 1964. The purpose of the act is to protect communities and workers from economic disruption caused by competition arising from non-local contractors coming into an area and obtaining federal construction contracts by underbidding local wage levels.

Davis-Bacon requires the payment of locally "prevailing wages" and fringe benefits to construction laborers and mechanics employed in direct federal contracts in excess of \$2,000 for construction, alteration, or repair (including painting and decorating).

The Contract Work Hours and Safety Standards Act (CWHSSA)

The Contract Work Hours and Safety Standards Act was enacted in 1962. It consolidated a number of "eight hour" laws, some dating back to 1890, which provided for overtime pay after 8 hours a day on federally funded construction projects. This act applies to all covered construction contracts funded under the MSHDA CATEam CDBG Program.

The act requires overtime pay for laborers and mechanics at a rate of one and one-half times the basic rate of pay for hours worked in excess of 40 in a work week.

The Copeland "Anti-Kickback" Act

The Copeland "Anti-Kickback" Act and implementing regulations in 29CFR Part 3, collectively provide the following safeguards:

- Prohibits "kickback" of wages and back wages.
- Requires that contractors on DBRA covered projects to submit weekly a statement of compliance.
- Regulates payroll deduction from wages.

FEDERAL WAGE RATES

The U.S. Department of Labor has distinguished four general types of construction for the purpose of making prevailing wage determinations: building construction, residential construction, heavy construction, and highway construction. In brief:

Building Construction includes the construction, rehabilitation, and repair of sheltered enclosures with walk in access for the purpose of housing persons, machinery, equipment, or supplies.

Residential Construction includes the construction, rehabilitation, and repair of single family houses, townhouses, and apartment buildings of no more than four (4) stories in height.

Highway Construction includes the construction, alteration, or repair of roads, streets, highways, runways, parking areas, and most other paving work not incidental to building or heavy construction.

Heavy Construction is a catch all category which includes those projects which cannot be classified as Building, Residential, or Highway. Heavy construction is often further distinguished on the basis of the characteristics of particular projects, such as dredging, water and sewer lines, dams, major bridges, and flood control.

When a construction project contains items which may result in multiple classifications as to the type of the project, a multiple wage determination may be appropriate if the construction items which fall into a separate type of construction comprise at least 20 percent of the total project cost. Generally separate types of construction activities which are less than 20 percent of the total project cost are considered to be incidental to the primary type of construction and a separate wage determination is not applicable.

When multiple wage determinations are incorporated into a bid specification, it is very important to provide specific instructions specifying the contract work to which each wage determination applies.

Any questions or disputes regarding the appropriate classification of the project will be resolved by the Michigan State Housing Development Authority's Community Assistance Team.

Federal wage rates can be requested by filling out a Request for Determination and Response to Request Form (see page 3). It will take approximately 7-10 working days to receive your wage decision.

NOTIFICATION OF A WAGE DETERMINATION IDENTIFICATION



TO:
Michigan State Housing Development Authority
Community Assistance Team
735 East Michigan Avenue, Post Office Box 30044
Lansing, Michigan 48909

Telephone: 517.241.1737
Fax: 517.335.5925
E-mail:
youngt4@michigan.gov

NOTE: This Decision should not be used for this project without first going to the website <http://www.gpo.gov/davisbacon/mi.html> and then submitting this form and a copy of the first page of the wage determination to the Michigan State Housing Development Authority, Community Development Block Grant Program, to ensure that the selected determination is accurate and documented within the file.

SECTION I: To be filled out by the *PARTY DOWNLOADING THE WAGE DETERMINATION*

Date of Wage Determination Download:

Anticipated Date of Bid Opening:

Project Number:

Location:

County:

Estimated Dollar Value of Contract:

Description of Work (please be specific):

Designated Labor Standards Official

Name:

Title:

SECTION II: To be filled out by *STATE OFFICIAL*

Wage Determination Number:

Bid Opening Date:

Modification Number and Date:

Update Required: Yes or No

If Yes, Revision Number and Date:

Approving State Official:

**REQUEST FOR DETERMINATION AND RESPONSE TO REQUEST
(DAVIS-BACON ACT AS AMENDED AND RELATED STATUTES)**

Michigan State Housing Development Authority
Community Assistance Team
735 East Michigan Avenue, Post Office Box 30044
Lansing, Michigan 48909

Telephone: 517.241.1737
Fax: 517.335.5925

Wage Determination under the Davis-Bacon and Related Acts

(This Decision is effective from the date of publication in the Federal Register without limitation as to time.)

NOTE: This Decision should not be used for this project without first contacting the Michigan State Housing Development Authority, Community Development Block Grant Program, to request current modifications or supersedeas decisions.

SECTION I: To be filled out by the *PARTY REQUESTING THE WAGE DETERMINATION*

Date of Request:

Project Number:

Location:

County:

Estimated Dollar Value of Contract:

Description of Work (please be specific):

Name and address of party to whom Determination should be mailed

Name:

Street/P.O. Box:

City/State/Zip:

Designated Labor Standards Official

Name:

Title:

SECTION II: To be filled out by *STATE OFFICIAL*

Wage Determination Number:

Modification Number and Date:

Approving State Official:

CONTRACT REQUIREMENTS

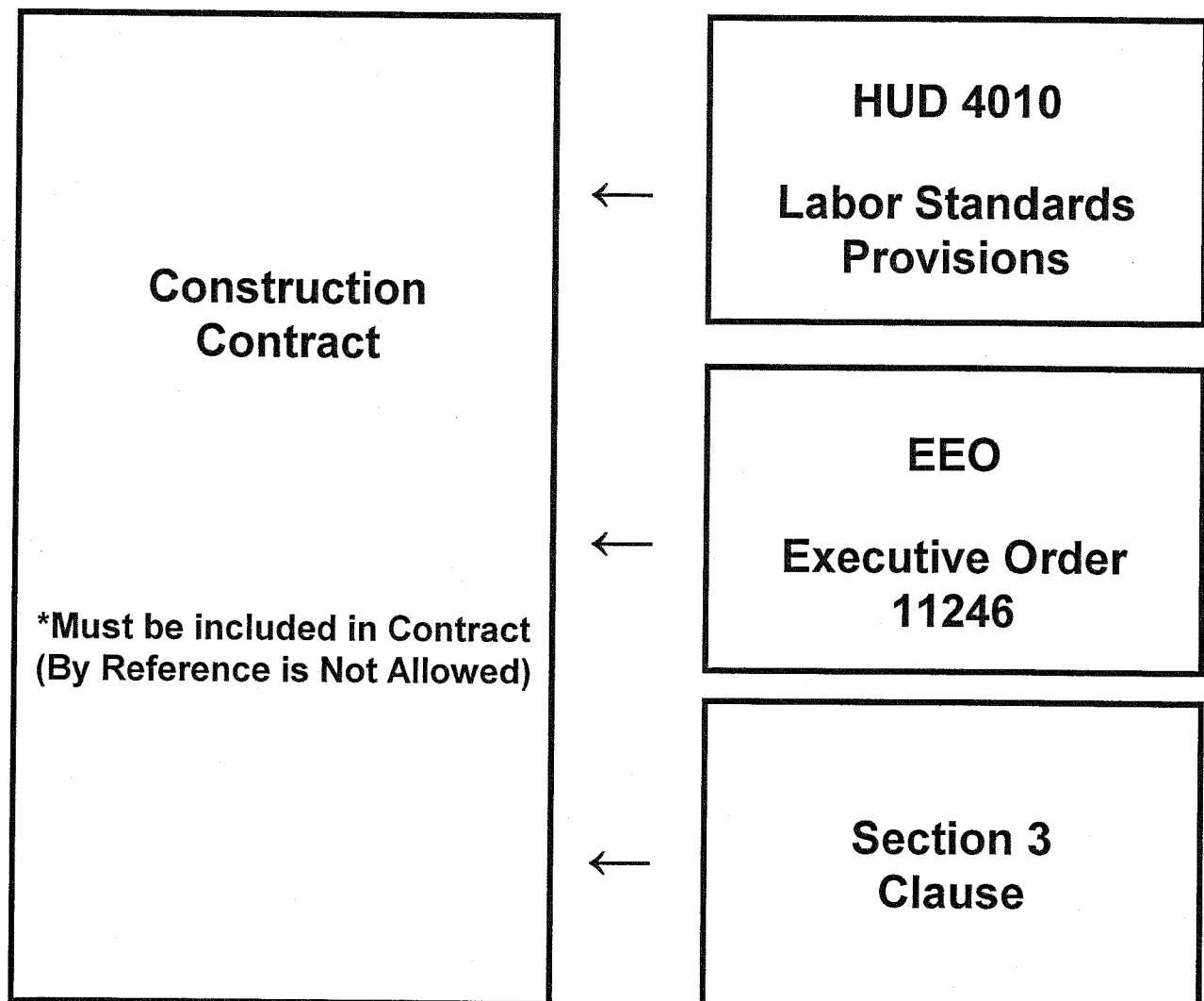
All construction contracts, bid documents, and analogous instruments must contain a current and applicable federal wage determination. Federal wage determinations are modified weekly, and communities are responsible for contacting MSHDA's CATeam 10 days prior to bid opening to receive the most recent modification to the wage decision.

All construction contracts, bid documents, and analogous instruments must contain a copy of the Federal Labor Standards Provisions (HUD 4010).

All construction contracts, bid documents, and analogous instruments must contain Executive Order 11246 and the Section 3 Clause.

Prior to the disbursement of CDBG grant funds, the grantee will be required to submit a copy of the bid documents or construction contract to our office.

Prior to the disbursement of CDBG grant funds, the grantee will be required to submit a copy of the Contract and Subcontract Activity form (HUD 2516).



U.S. Department of Housing and Urban Development

U.S. Department of Housing and Urban Development

Executive Order 12421 dated July 14, 1983, directs the Minority Business Development Plans shall be developed by each Federal Agency and that these annual plans shall establish minority business development objectives. The information is used by HUD to monitor and evaluate MBE activities against the total program activity and the designated minority business enterprise (MBE) goals. The Department requires the information to provide guidance and oversight for programs for the development of minority business enterprise concerning Minority Business Development. If the information is not collected HUD would not be able to establish meaningful MBE goals nor evaluate MBE performance against these goals. While no assurances of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information request.

1. Grantee/Project Owner/Developer/Sponsor/Builder/Agency

CPD: 1 = New Construction
2 = Education/Training
3 = Other

5: Program Codes (Complete for Housing and Public and Indian Housing programs only):

1 = All insured, including Section 8	5 = Section 202
2 = Flexible Subsidy	6 = HUD-Held (Management)
3 = Section 8 Noninsured	7 = Public/Indian Housing
4 = Insured (Management)	

This report is to be completed by grantees, developers, sponsors, builders, agencies, and/or project owners for reporting contract and subcontract activities of \$10,000 or more under the following programs: Community Development Block Grants (entitlement and small cities); Urban Development Action Grants; Housing Development Grants; Multifamily Insured and Noninsured; Public and Indian Housing Authorities; and contracts entered into by recipients of CDBG rehabilitation assistance.

Contracts/subcontracts of less than \$10,000 need be reported only if such contracts represent a significant portion of your total contracting activity. Include only contracts executed during this reporting period.

This form has been modified to capture Section 3 contract data in columns 7g and 7i. Section 3 requires that the employment and other economic opportunities generated by HUD financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing. Recipients using this form to report Section 3 contract data must also use Part I of form HUD-60002 to report employment and training opportunities data. Form HUD-2516 is to be

completed for public and Indian housing and most community development programs. Form HUD-60002 is to be completed by all other HUD programs including State administered community development programs covered under Section 3.

A Section 3 contractor/subcontractor is a business concern that provides economic opportunities to low- and very low-income residents of the metropolitan area (or nonmetropolitan county), including a business concern that is 51 percent or more owned by low- or very low-income residents; employs a substantial number of low- or very low-income residents; or provides subcontracting or business development opportunities to businesses owned by low- or very low-income residents. Low- and very low-income residents include participants in Youthbuild programs established under Subtitle D of Title IV of the Cranston-Gonzalez National Affordable Housing Act. The terms "low-income persons" and "very low-income persons" have the same meanings given the terms in section 3(b)(2) of the United States Housing Act of 1937. Low-income persons mean families (including single persons) whose incomes do not exceed 80 percent of the median income for the area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary

may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low-income families. Very low-income persons means low-income families (including single persons) whose incomes do not exceed 50 percent of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 percent of the median for the area on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.

Submit two (2) copies of this report to your local HUD Office within ten (10) days after the end of the reporting period you checked in item 4 on the front.

Complete item 7h, only once for each contractor/subcontractor on each semi-annual report.

Enter the prime contractor's ID in item 7i, for all contracts and subcontracts. Include only contracts executed during this reporting period. PHAs/IHAs are to report all contracts/subcontracts.

Community Development Programs

1. **Grantee:** Enter the name of the unit of government submitting this report.
3. **Contact Person:** Enter name and phone of person responsible for maintaining and submitting contract/subcontract data.

7a. **Grant Number:** Enter the HUD Community Development Block Grant Identification Number (with dashes). For example: B-32-MC-25-0034. For Entitlement Programs and Small City multi-year comprehensive programs, enter the latest approved grant number.

7b. **Amount of Contract/Subcontract:** Enter the dollar amount rounded to the nearest dollar. If subcontractor ID number is provided in 7i, the dollar figure would be for the subcontract only and not for the prime contract.

7c. **Type of Trade:** Enter the numeric codes which best indicates the contractor's/subcontractor's service. If subcontractor ID number is provided in 7i, the type of trade code would be for the subcontractor only and not for the prime contractor. The "other" category includes supply, professional services and all other activities except construction and education/training activities.

7d. **Business Racial/Ethnic/Gender Code:** Enter the numeric code which indicates the racial/ethnic/gender character of the owner(s) and controller(s) of 51% of the business. When 51% or more is not owned and controlled by any single racial/ethnic/gender category, enter the code which seems most appropriate. If the subcontractor ID number is provided, the code would apply to the subcontractor and not to the prime contractor.

7e. **Woman Owned Business:** Enter Yes or No.

7f. **Contractor Identification (ID) Number:** Enter the Employer (IRS) Number of the Prime Contractor as the unique identifier for prime recipient of HUD funds. Note that the Employer (IRS) Number must be provided for each contract/subcontract awarded.

7g. **Section 3 Contractor:** Enter Yes or No.

7h. **Subcontractor Identification (ID) Number:** Enter the Employer (IRS) Number of the subcontractor as the unique identifier for each subcontract awarded from HUD funds. When the subcontractor ID Number is provided, the respective Prime Contractor ID Number must also be provided.

7i. **Section 3 Contractor:** Enter Yes or No.

7l. **Contractor/Subcontractor Name and Address:** Enter this information for each Previous editions are obsolete.

firm receiving contract/subcontract activity only one time on each report for each firm.

Multifamily Housing Programs

1. **Grantee/Project Owner:** Enter the name of the unit of government, agency or mortgage entity submitting this report.

3. **Contact Person:** Same as item 3 under CPD Programs.

4. **Reporting Period:** Check only one period.

5. **Program Code:** Enter the appropriate program code.

7a. **Grant/Project Number:** Enter the HUD Project Number or Housing Development Grant or number assigned.

7b. **Amount of Contract/Subcontract:** Same as item 7b, under CPD Programs.

7c. **Type of Trade:** Same as item 7c, under CPD Programs.

7d. **Business Racial/Ethnic/Gender Code:** Same as item 7d, under CPD Programs.

7e. **Woman Owned Business:** Enter Yes or No.

7f. **Contractor Identification (ID) Number:** Same as item 7f, under CPD Programs.

7g. **Section 3 Contractor:** Enter Yes or No.

7h. **Subcontractor Identification (ID) Number:** Same as item 7h, under CPD Programs.

7i. **Section 3 Contractor:** Enter Yes or No.

7j. **Contractor/Subcontractor Name and Address:** Same as item 7j, under CPD Programs.

Public Housing and Indian Housing Programs

PHAs/IHAs are to report all contracts/subcontracts. Include only contracts executed during this reporting period.

1. **Project Owner:** Enter the name of the unit of government, agency or mortgage entity submitting this report. Check box as appropriate.

3. **Contact Person:** Same as item 3 under CPD Programs.

4. **Reporting Period:** Check only one period.

5. **Program Code:** Enter the appropriate program code.

7a. **Grant/Project Number:** Enter the HUD Project Number or Housing Development Grant or number assigned.

7b. **Amount of Contract/Subcontract:** Same as item 7b, under CPD Programs.

7c. **Type of Trade:** Same as item 7c, under CPD Programs.

7d. **Business Racial/Ethnic/Gender Code:** Same as item 7d, under CPD Programs.

7e. **Woman Owned Business:** Enter Yes or No.

7f. **Contractor Identification (ID) Number:** Same as item 7f, under CPD Programs.

7g. **Section 3 Contractor:** Enter Yes or No.

7h. **Subcontractor Identification (ID) Number:** Same as item 7h, under CPD Programs.

7i. **Section 3 Contractor:** Enter Yes or No.

7j. **Contractor/Subcontractor Name and Address:** Same as item 7j, under CPD Programs.

CONTRACTOR ELIGIBILITY

Prior to awarding a construction contract, grantees must verify that contractors and subcontractors are not on the federal list of parties excluded from federal procurement and nonprocurement programs, a.k.a. the federal debarred list.

Grantees are required to contact the MSHDA CATeam and inform them of all contractors and subcontractors who will be working on the project. Our office will in turn check the list of debarred contractors to determine if they are eligible to work on federal projects. Prime contractors should be informed during preconstruction conferences that it is their responsibility to inform local communities of the subcontractors so their eligibility can be verified.

This process must take place prior to contract award. If a contractor or subcontractor is found to be ineligible after the award of the contract, the contract must be terminated.

PRECONSTRUCTION CONFERENCE

A preconstruction conference should be held with the prime contractor and all available subcontractors prior to the start of construction. The MSHDA CATeam should also be notified of this meeting. During this meeting contractors and subcontractors should be advised of their responsibilities under federal labor standards. The following major items concerning federal labor standards should be covered:

- Is contractor/subcontractor aware of prevailing wages?
- Does contractor/subcontractor have any questions on worker classification & pay rate?
- Is contractor/subcontractor aware of fringe benefit requirement?
- Is contractor/subcontractor aware that workers need to be paid weekly?
- Is contractor/subcontractor aware of who receives weekly payroll reports?
- Is contractor/subcontractor aware of overtime requirement?
- Is contractor/subcontractor aware of need to display wages & DBRA poster?
- Is contractor/subcontractor aware of employee interview requirements?

A report of minutes of this preconstruction conference should be submitted to the MSHDA CATeam. The minutes should contain the following information:

- Project name and grant number
- Name of contractor/subcontractors
- Dollar amount of contract
- Date and place of conference
- Conference attendees
- Summary of items covered

WEEKLY PAYROLL REPORTS

Each contractor, subcontractor, and any lower tier subcontractor shall submit **through the prime contractor** to the local community or its project administrator (whoever is directly administering the construction contract) weekly payroll reports. Weekly payrolls shall be completed for each week which there is work on the project. If no work is performed on a project during a given work week, no weekly payrolls need to be submitted. Weekly payrolls shall be numbered sequentially and the final payroll marked "final". Weekly payrolls shall be submitted by the prime contractor promptly, no later than seven work days following completion of the work week.

Weekly payroll reports shall contain the following information:

- Worker name, address and social security number
- Work classification (as described in wage determination)
- Hours worked each day
- Total weekly hours
- Rate of pay
- Gross amount earned
- Deductions and net pay for the week
- Statement of compliance
- Information on hourly cost of fringe benefits contributions
- Is the contractor aware of the Contract and Subcontract Activity form (HUD 2516)

Weekly payroll reports shall be reviewed by the local community or project administrator. For each week and each contractor/subcontractor, a payroll review form shall be completed.

Contractors/subcontractors should not be reimbursed for any work completed until the weekly payroll reports for these weeks have been collected, reviewed and the local community or project administrator is satisfied that the correct prevailing wage rates are being paid. Final payment to the contractors/subcontractors should not be made until the MSHDA CATeam has reviewed a sample of the weekly payroll reports.

Instances where it appears that the contractor/subcontractor may have paid less than prevailing wages, the MSHDA CATeam should be notified.

Prior to disbursement of grant funds, communities may be required to submit a sample of weekly payroll reports to our office.

(For Contractor's Optional Use; See Instructions, Form WH-347 Inst.)

Wage and Hour Division

Persons are not required to respond to the collection of information unless it displays a currently valid OMB control number.

ADDRESS

OR SUBCONTRACTOR ☐NAME OF CONTRACTOR ☐

Rev. April 2006

OMB No.: 1215-0149
Expires: 04/30/2009

PAYROLL NO.

FOR WEEK ENDING "

PROJECT AND LOCATION

PROJECT OR CONTRACT NO.

[illegible]

The Copeland Act (40 U.S.C. 3145) requires contractors and subcontractors performing work on Federally financed or assisted construction contracts to "furnish weekly a statement with respect to the wages paid each employee during the preceding week." U.S. Department of Labor (DOL) Regulations 29 CFR Part 5.5(a)(3)(ii) require contractors to submit weekly a copy of all payrolls to the Federal agency contracting for or financing the construction project, accompanied by a signed "Statement of Compliance" indicating that the payrolls are correct and complete and that each laborer or mechanic has been paid not less than the proper Davis-Bacon prevailing wage rate for the work performed. Compliance with these requirements is mandatory. DOL and federal contracting agencies receiving this information review the information to determine that employees have received legally required wages and fringe benefits.

We estimate that it will take an average of 56 minutes to complete this collection of information, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. If you have any comments regarding these estimates or any other aspect of this collection of information, including suggestions for reducing this burden, send them to the Administrator, Wage and Hour Division, ESA, U. S. Department of Labor, Room S3502, 200 Constitution Avenue, N. W., Washington, D. C. 20210.

I.	(Name of Signatory Party)	(Title)

(1) That I pay or supervise the payment of the persons employed by

_____ on the _____
(Contractor or Subcontractor)

_____ ; that during the payroll period commencing on the _____
(Building or Work)

_____ day of _____, and ending the _____ day of _____, all persons employed on said project have been paid the full weekly wages earned, that no rebates have been or will be made either directly or indirectly to or on behalf of said

(Contractor or Subcontractor) _____ from the full

weekly wages earned by any person and that no deductions have been made either directly or indirectly from the full wages earned by any person, other than permissible deductions as defined in Regulations, Part 3 (29 CFR Subtitle A), issued by the Secretary of Labor under the Copeland Act, as amended (48 Stat. 948, 63 Stat. 108, 72 Stat. 967; 76 Stat. 357; 40 U.S.C. 276c), and described below:

(2) That any payrolls otherwise under this contract required to be submitted for the above period are correct and complete; that the wage rates for laborers or mechanics contained therein are not less than the applicable wage rates contained in any wage determination incorporated into the contract; that the classifications set forth therein for each laborer or mechanic conform with the work he performed.

(3) That any apprentices employed in the above period are duly registered in a bona fide apprenticeship program registered with a State apprenticeship agency recognized by the Bureau of Apprenticeship and Training, United States Department of Labor, or if no such recognized agency exists in a State, are registered with the Bureau of Apprenticeship and Training, United States Department of Labor.

(a) WHERE FRINGE BENEFITS ARE PAID TO APPROVED PLANS, FUNDS, OR PROGRAMS

— in addition to the basic hourly wage rates paid to each laborer or mechanic listed in the above referenced payroll, payments of fringe benefits as listed in the contract have been or will be made to appropriate programs for the benefit of such employees, except as noted in Section 4(c) below.

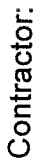
- Each laborer or mechanic listed in the above referenced payroll has been paid, as indicated on the payroll, an amount not less than the sum of the applicable basic hourly wage rate plus the amount of the required fringe benefits as listed in the contract, except as noted in Section 4(c) below.

EXPLANATION

SIGNATURE

NAME AND TITLE

THE WILLFUL FALSIFICATION OF ANY OF THE ABOVE STATEMENTS MAY SUBJECT THE CONTRACTOR OR SUBCONTRACTOR TO CIVIL OR CRIMINAL PROSECUTION. SEE SECTION 1001 OF TITLE 18 AND SECTION 231 OF TITLE 31 OF THE UNITED STATES CODE.



Fringe Benefits

Cash:

Approved Plan:

Wage Decision
Number:

[illegible]

* If approved plan is checked by a non-union contractor, obtain documentation for the plan.

NOTICE TO ALL EMPLOYEES



Working on Federal or Federally Financed Construction Projects

MINIMUM WAGES

You must be paid not less than the wage rate in the schedule posted with this Notice for the kind of work you perform.

OVERTIME

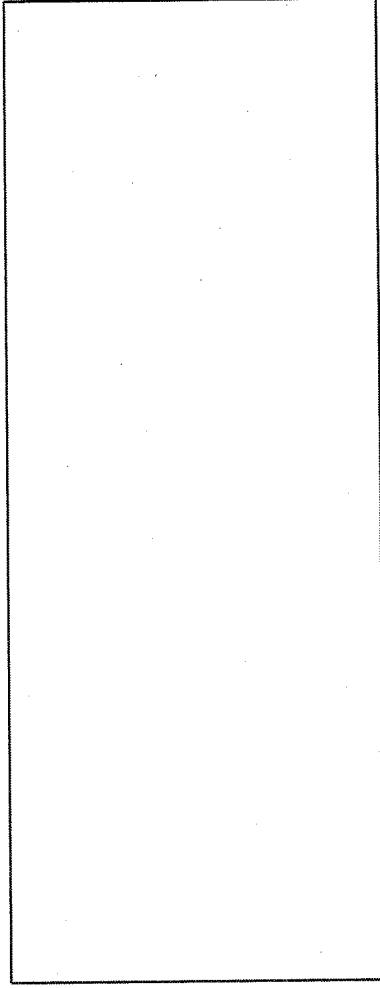
You must be paid not less than one and one-half times your basic rate of pay for all hours worked over 40 a week. There are some exceptions.

APPRENTICES

Apprentice rates apply only to apprentices properly registered under approved Federal or State apprenticeship programs.

PROPER PAY

If you do not receive proper pay, contact the Contracting Officer listed below:



or you may contact the nearest office of the Wage and Hour Division, U.S. Department of Labor. The Wage and Hour Division has offices in several hundred communities throughout the country. They are listed in the U.S. Government section of most telephone directories under:

**U.S. Department of Labor
Employment Standards Administration**

WH Publication 1321
Revised January 1986

★ U.S. GOVERNMENT PRINTING OFFICE: 1988-209-886

U.S. Department of Labor
Employment Standards
Administration
Wage and Hour Division



READING A WAGE DETERMINATION

Each federal wage decision is identified with a General Decision Number. It also contains the type of construction covered and the counties the wage decision is applicable to. The decision also contains a modification number and publication date. The modification number is used to determine if you have the most recent wage decision. Communities are responsible for contacting our office 10 days prior to bid opening to determine if they have the most recent modification to the wage decision.

Wage decisions are organized by type of work and worker classification. The worker classification is then broken down by area in which the work is performed. The worker classification contains a base rate and a rate for fringe benefits. These are the minimum wage scales for this classification.

In some instances, classification may be broken down into different groups. The wage decision will then contain an explanation of the type of work performed by each group.

The Fringe Benefit Rate may also be expressed as a percentage. The percentage should be calculated from the base rate. For example, the 3% + \$7.51 fringe for electricians means they need to receive fringe benefits equivalent to \$8.22 hr ($23.95 \times .03 + 7.51 = \8.22)

Wage decisions may also require that the contractor pay special overtime benefits to some classifications.

ADDITIONAL CLASSIFICATIONS

If the wage decision does not contain some of the classifications needed for the construction project, the grantee should contact our office for further instructions.

Any questions regarding the wage decision should be directed to the MSHDA CATeam Office.

Item #1

General Decision Number MI960005

Superseded General Decision No. MI950005

State: Michigan

Construction Type:
BUILDING

County(ies):

BAY

LAPEER

ST. CLAIR

GENESEE

SAGINAW

TUSCOLA

BUILDING CONSTRUCTION PROJECTS (does not include residential construction consisting of single family homes and apartments up to and including 4 stories)

Item #2

Modification Number	Publication Date
0	03/15/2006
1	04/19/2006
2	06/07/2006
3	07/05/2006
4	10/11/2006
5	12/13/2006
6	12/27/2006
7	01/17/2007

Item #3

LABORERS:

OPEN CUT:

Item #4

BAY, SAGINAW AND TUSCOLA COUNTIES:

Rates

Fringes

Item #5

LABORERS:

GROUP 1	13.84	4.13
GROUP 2	13.96	4.13
GROUP 3	14.04	4.13
GROUP 4	14.34	4.13

Item #6

LABORER CLASSIFICATIONS

GROUP 1: Includes all construction laborers on building construction work except as specified below; Also includes pumps with a 3-in. or less discharge and not hooked up in battery; Mechanized buggy operators; Mortar mixed (when done by hand) and mason tender

GROUP 2: Mechanized mortar mixing; Air, electric and gas driven tools

GROUP 3: Air or electric driven pavement breakers; Concrete vibrator; Plaster tender and plaster mixed; Crock and/or pipelayer; Signal person and top person on caisson work.

GROUP 4: Tunnel miner; Tunnel mucker and tunnel and shaft underpinning contributing to structural support of buildings

GROUP 5: Driller, blaster, and burner

Item #7

ST. CLAIR COUNTY:	Rates	Fringes
ELECTRICIAN	23.95	3% + 7.51 ←

Item #8

PAID HOLIDAYS:

New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. If any of the above holidays fall on a Sunday, the following Monday shall be considered the holiday and, if work is performed, the rate shall be double time.

MI960005 - 17 12/27/1996

FRINGE BENEFITS

Fringe benefits are defined as an irrevocable contribution made by the contractor to a trustee or third party to a bonafide fringe benefit fund (does not include employee contributions). To be considered "bonafide" the fringe benefit must be of the type listed in the Davis-Bacon Act and federal regulations. The Payroll Certification Form should indicate the types of fringes offered by the Contractor and the hourly value of these benefits.

Examples:

- Life Insurance
- Health Insurance
- Pension
- Vacation
- Holidays
- Sick Leave

Contractors are advised that the use of a truck, Thanksgiving Turkey, Christmas Bonus or travel expenses are not considered bonafide fringe benefits. (Section 1(b)(2)(b) of the Davis-Bacon Act and 29CFR Part 5 section 5.23)

No credit may be taken for any benefits which are required by federal, state, or local law:

Examples:

- Workers Compensation
- Unemployment Compensation
- Social Security Contributions

Fringe benefits must be paid for all hours worked on the project including overtime hours. Fringe benefit contributions may be excluded from the half-time premium due as overtime compensation.

Over Time & Fringe Benefits

Example:

An employee worked 44 hours in one week as an electrician. The prevailing wage rate is \$12 hr plus \$2.50 in fringe benefits. To be correctly paid the electrician needs to receive

44 hrs x \$14.50 (base rate plus fringe rate)	=	\$638.00
4 hrs at overtime premium (½ of \$12 hr)	=	24.00
Total Pay		\$662.00

Contractors who do not pay fringes for their employees are required to make the cash contribution specified in the wage decision to their employees. Contractor's whose hourly contribution for fringe benefits are less than those specified in the wage decision need to make up the difference to employees in cash.

Statement of Compliance

All contractors and subcontractors are required to submit weekly statements of compliance.

EMPLOYEE INTERVIEWS

All grantees or their labor standards administrator are required to conduct employee interviews. The purpose of the employee interview is to establish a degree of compliance with federal labor standards. Interviews should be representative of all classifications of employees on the project.

Employee interviews may be recorded on Form HUD-11 (see page 26). The following information should be included when doing an employee interview:

Project Number. Include the Michigan CDBG project Number.

Contractor or Employer. Enter the name of the contractor or employer.

Employee Name. Enter the employee's full name.

Permanent address. (Self explanatory)

Last Date Worked On CDBG Project. Interviewer should make it clear that federal labor standard requirements apply only to hours worked on the CDBG project. Not to work on other non funded projects.

Hourly Rate of Pay. Determine what the worker is being paid hourly and if this includes employer paid fringe benefits.

Classification. Try to determine the type of work being done by the employee. This will assist you in determining the proper wage determination classification to be used. You may also want to note any specific duties or tools used by the employee which may assist you in determining the proper classification.

Signature. The interview form should be signed by the person conducting the employee interview.

Record of Employee Interview

U.S. Department of Housing and Urban Development Office of Labor Relations

OMB Approval No. 2501-0009
(exp. 08/31/2007)

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. The information is collected to ensure compliance with the Federal labor standards by recording interviews with construction workers. The information collected will assist HUD in the conduct of compliance monitoring; the information will be used to test the veracity of certified payroll reports submitted by the employer. **Sensitive Information.** The information collected on this form is considered sensitive and is protected by the Privacy Act. The Privacy Act requires that these records be maintained with appropriate administrative, technical, and physical safeguards to ensure their security and confidentiality. In addition, these records should be protected against any anticipated threats or hazards to their security or integrity that could result in substantial harm, embarrassment, inconvenience, or unfairness to any individual on whom the information is maintained. **The information collected herein is voluntary, and any information provided shall be kept confidential.**

1a. Project Name			2a. Employee Name		
1b. Project Number			2b. Employee Phone Number (including area code)		
1c. Contractor or Subcontractor (Employer)			2c. Employee Home Address & Zip Code		
			2d. Verification of identification? Yes <input type="checkbox"/> No <input type="checkbox"/>		
3a. How long on this job?	3b. Last date on this job before today?	3c. No. of hours last day on this job?	4a. Hourly rate of pay?	4b. Fringe Benefits? Vacation Yes <input type="checkbox"/> No <input type="checkbox"/> Medical Yes <input type="checkbox"/> No <input type="checkbox"/> Pension Yes <input type="checkbox"/> No <input type="checkbox"/>	4c. Pay stub? Yes <input type="checkbox"/> No <input type="checkbox"/>
5. Your job classification(s) (list all) — continue on a separate sheet if necessary					

6. Your duties

7. Tools or equipment used

CONFIDENTIAL

8. Are you an apprentice or trainee?	Y <input type="checkbox"/> N <input type="checkbox"/>	10. Are you paid at least time and 1/2 for all hours worked in excess of 40 in a week?	Y <input type="checkbox"/> N <input type="checkbox"/>
9. Are you paid for all hours worked?	Y <input type="checkbox"/> N <input type="checkbox"/>	11. Have you ever been threatened or coerced into giving up any part of your pay?	Y <input type="checkbox"/> N <input type="checkbox"/>
12a. Employee Signature		12b. Date	
13. Duties observed by the Interviewer (Please be specific.)			

14. Remarks

15a. Interviewer name (please print)	15b. Signature of Interviewer	15c. Date of interview
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Payroll Examination

16. Remarks

17a. Signature of Payroll Examiner	17b. Date
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Instructions

General:

This form is to be used by HUD and local agency staff for recording information gathered during on-site interviews with laborers and mechanics employed on projects subject to Federal prevailing wage requirements. Typically, the staff that will conduct on-site interviews and use this form are HUD staff and fee construction inspectors, HUD Labor Relations staff, and local agency labor standards contract monitors.

Information recorded on the form HUD-11 is evaluated for general compliance and compared to certified payroll reports submitted by the respective employer. The comparison tests the veracity of the payroll reports and may be critical to the successful conclusion of enforcement actions in the event of labor standards violations. The thoroughness and accuracy of the information gathered during interviews is crucial.

Note that the interview itself and the information collected on the form HUD-11 are considered confidential. Interviews should be conducted individually and privately. All laborers and mechanics employed on the job site must be made available for interview at the interviewer's request. The employee's participation, however, is voluntary. Interviews shall be conducted in a manner and place that are conducive to the purposes of the interview and that cause the least inconvenience to the employer(s) and the employee(s).

Completing the form HUD-11

Items 1a - 1c: Self-explanatory

Items 2a – 2d: Enter the employee's full name, a telephone number where the employee can be reached, and the employee's home address. Many construction workers use a temporary address in the locality of the project and have a more permanent address elsewhere from which mail may be forwarded to them. Obtain a more permanent address, if available. Ask the employee for a form of identification (e.g., driver's license) to verify their name.

Items 3a – 4c: Enter the employee's responses. Ask the employee whether they have a pay stub with them; if so, determine whether the pay stub is consistent with the information provided by the employee.

Items 5 – 7: Be certain that the employee's responses are specific. For example, job classification (#5) must identify the trade involved (e.g., Carpenter, Electrician, Plumber) – responses such as "journeyman" or "mechanic" are not helpful for our purposes.

Items 8 – 12b: Self-explanatory

Items 13 – 15c: These items represent some of the most important information that can be gathered while conducting on-site interviews. Please be specific about the duties you observed the employee performing. It may be easiest to make these observations before initiating the interview. Please record any comments or remarks that may be helpful. For example, if the employee interviewed was working with a crew, how many workers were in the crew? Was the employee evasive?

The level of specificity that is warranted is directly related to the extent to which interview(s) or other observations indicate that there may be violations present. If interviews indicate that there may be underpayments involving a particular trade(s), the interviewer is encouraged to interview as many workers in that trade(s) that are available.

Items 16 – 17b: The information on the form HUD-11 may be reviewed for general compliance, initially. For example, are the job classification and wage rate stated by the employee compatible with the classifications and wage rates on the applicable wage decision? Are the duties observed by the interviewer consistent with the job classification?

Once the corresponding certified payroll reports are received, the information on the HUD-11 shall be compared to the payroll reports. Any discrepancies noted between the HUD-11 information and that on the payroll report shall be noted in Item 16, Remarks. If discrepancies are noted, follow-up actions to resolve the discrepancies must be taken.

TRUCK DRIVERS

Truck drivers are covered under the Davis-Bacon Act under the following circumstances:

All truck drivers performing work on the "site of work" are covered by the Davis-Bacon Act. "Site of work" is defined as the physical place or places in which the construction work is taking place and other adjacent or nearby property used by the contractor. Site of work may also include commercial suppliers or materials men established in the proximity of the project exclusively for the project after the opening of the bids.

Truck drivers transporting materials and/or supplies between the actual construction site and a facility deemed part of the site of work.

Truck drivers are not covered under the Davis-Bacon Act when:

Drivers of an independent trucking firm, or drivers hauling materials to and from a Davis-Bacon job to a commercial material supply facility which was not set up exclusively for the Davis-Bacon job.

Drivers of construction contractors and subcontractors hauling materials to a Davis-Bacon job from a commercial facility when they are off the "site of work".

Required CDBG Bid Advertisement

Place the following paragraph in your advertisement for bids:

This is a Federally Funded project.

The Contractor and Subcontractors on this project must comply with HUD contract provisions 24CFR part 85.36(i), the Davis-Bacon Act, Nondiscrimination, Equal Employment Opportunity, Affirmative Action, Section 3 requirements, Anti-Kickback Act, Federal Occupational Safety and Health Act and Department of Labor Standards and Regulations as set forth in the Contract Bid Documents. This municipality is an equal opportunity employer, businesses owned by women or minorities are strongly encouraged to bid.

Required CDBG Bid Procedures

- Facades: Must bid out all buildings as one contract.
- Facades: Contractors must bid on all buildings to meet bid requirements.
- All Projects: In addition to advertising, all communities must contact their local public housing authority and/or local county housing rehab office and obtain a list of contractors that have worked, or are working, within the area and send notification/bid information to these contractors as well.
- All Projects: The bid and contract documents must contain the wage determination and the following documents (see pages D-24 to D-30) in their entirety.

Federal Labor Standards Provisions

U.S. Department of Housing
and Urban Development
Office of Labor Relations

Applicability

The Project or Program to which the construction work covered by this contract pertains is being assisted by the United States of America and the following Federal Labor Standards Provisions are included in this Contract pursuant to the provisions applicable to such Federal assistance.

A. 1. (i) Minimum Wages. All laborers and mechanics employed or working upon the site of the work will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR Part 3), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics. Contributions made or costs reasonably anticipated for bona fide fringe benefits under Section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of 29 CFR 5.5(a)(1)(iv); also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs, which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period.

Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in 29 CFR 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided, That the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under 29 CFR 5.5(a)(1)(ii) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible, place where it can be easily seen by the workers.

(ii) (a) Any class of laborers or mechanics which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. HUD shall approve an additional classification and wage rate and fringe benefits therefor only when the following criteria have been met:

(1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and

(2) The classification is utilized in the area by the construction industry; and

(3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(b) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and HUD or its designee agree on the classification and wage rate (including the amount designated for fringe benefits where

appropriate), a report of the action taken shall be sent by HUD or its designee to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, D.C. 20210. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification action within 30 days of receipt and so advise HUD or its designee or will notify HUD or its designee within the 30-day period that additional time is necessary. (Approved by the Office of Management and Budget under OMB control number 1215-0140.)

(c) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and HUD or its designee do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), HUD or its designee shall refer the questions, including the views of all interested parties and the recommendation of HUD or its designee, to the Administrator for determination. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt and so advise HUD or its designee or will notify HUD or its designee within the 30-day period that additional time is necessary. (Approved by the Office of Management and Budget under OMB Control Number 1215-0140.)

(d) The wage rate (including fringe benefits where appropriate) determined pursuant to subparagraphs (1)(ii)(b) or (c) of this paragraph, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program. (Approved by the Office of Management and Budget under OMB Control Number 1215-0140.)

2. Withholding. HUD or its designee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other Federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee or helper, employed or working on the site of the work, all or part

of the wages required by the contract, HUD or its designee may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased. HUD or its designee may, after written notice to the contractor, disburse such amounts withheld for and on account of the contractor or subcontractor to the respective employees to whom they are due. The Comptroller General shall make such disbursements in the case of direct Davis-Bacon Act contracts.

3. (i) Payrolls and basic records. Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in Section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5 (a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in Section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs. (Approved by the Office of Management and Budget under OMB Control Numbers 1215-0140 and 1215-0017.)

(ii) (a) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to HUD or its designee if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant sponsor, or owner, as the case may be, for transmission to HUD or its designee. The payrolls submitted shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i). This information may be submitted in any form desired. Optional Form WH-347 is available for this purpose and may be purchased from the Superintendent of Documents (Federal Stock Number 029-005-00014-1), U.S. Government Printing Office, Washington, DC 20402. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. (Approved by the Office of Management and Budget under OMB Control Number 1215-0149.)

(b) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(1) That the payroll for the payroll period contains the information required to be maintained under 29 CFR 5.5 (a)(3)(i) and that such information is correct and complete;

(2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll

period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in 29 CFR Part 3;

(3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(c) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by subparagraph A.3.(ii)(b).

(d) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under Section 1001 of Title 18 and Section 231 of Title 31 of the United States Code.

(iii) The contractor or subcontractor shall make the records required under subparagraph A.3.(i) available for inspection, copying, or transcription by authorized representatives of HUD or its designee or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, HUD or its designee may, after written notice to the contractor, sponsor, applicant or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

4. Apprentices and Trainees.

(i) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the

journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) **Trainees.** Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) **Equal employment opportunity.** The utilization of apprentices, trainees and journeymen under 29 CFR Part 5 shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR Part 30.

5. Compliance with Copeland Act requirements. The contractor shall comply with the requirements of 29 CFR Part 3 which are incorporated by reference in this contract

6. Subcontracts. The contractor or subcontractor will insert in any subcontracts the clauses contained in subparagraphs 1 through 11 of this paragraph A and such other clauses as HUD or its designee may by appropriate instructions require, and a copy of the applicable prevailing wage decision, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in this paragraph.

7. Contract termination; debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

8. Compliance with Davis-Bacon and Related Act Requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR Parts 1, 3, and 5 are herein incorporated by reference in this contract

9. Disputes concerning labor standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR Parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and HUD or its designee, the U.S. Department of Labor, or the employees or their representatives.

10. (i) Certification of Eligibility. By entering into this contract the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of Section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1) or to be awarded HUD contracts or participate in HUD programs pursuant to 24 CFR Part 24.

(ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of Section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1) or to be awarded HUD contracts or participate in HUD programs pursuant to 24 CFR Part 24.

(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001. Additionally, U.S. Criminal Code, Section 1 01 0, Title 18, U.S.C., "Federal Housing Administration transactions", provides in part: "Whoever, for the purpose of . . . influencing in any way the action of such Administration..... makes, utters or publishes any statement knowing the same to be false..... shall be fined not more than \$5,000 or imprisoned not more than two years, or both."

11. Complaints, Proceedings, or Testimony by Employees. No laborer or mechanic to whom the wage, salary, or other labor standards provisions of this Contract are applicable shall be discharged or in any other manner discriminated against by the Contractor or any subcontractor because such employee has filed any complaint or instituted or caused to be instituted any proceeding or has testified or is about to testify in any proceeding under or relating to the labor standards applicable under this Contract to his employer.

B. Contract Work Hours and Safety Standards Act. The provisions of this paragraph B are applicable only where the amount of the prime contract exceeds \$100,000. As used in this paragraph, the terms "laborers" and "mechanics" include watchmen and guards.

(1) Overtime requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of 40 hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of 40 hours in such workweek.

(2) Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in subparagraph

graph (1) of this paragraph, the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in subparagraph (1) of this paragraph, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of 40 hours without payment of the overtime wages required by the clause set forth in sub paragraph (1) of this paragraph.

(3) Withholding for unpaid wages and liquidated damages.

HUD or its designee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contract, or any other Federally-assisted contract subject to the Contract Work Hours and Safety Standards Act which is held by the same prime contractor such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (2) of this paragraph.

(4) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in subparagraph (1) through (4) of this paragraph and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in subparagraphs (1) through (4) of this paragraph.

C. Health and Safety. The provisions of this paragraph C are applicable only where the amount of the prime contract exceeds \$100,000.

(1) No laborer or mechanic shall be required to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous to his health and safety as determined under construction safety and health standards promulgated by the Secretary of Labor by regulation.

(2) The Contractor shall comply with all regulations issued by the Secretary of Labor pursuant to Title 29 Part 1926 and failure to comply may result in imposition of sanctions pursuant to the Contract Work Hours and Safety Standards Act, 40 USC 3701 et seq.

(3) The Contractor shall include the provisions of this paragraph in every subcontract so that such provisions will be binding on each subcontractor. The Contractor shall take such action with respect to any subcontract as the Secretary of Housing and Urban Development or the Secretary of Labor shall direct as a means of enforcing such provisions.

EQUAL OPPORTUNITY CLAUSE (EXECUTIVE ORDER 11246)

During the performance of this contract, the contractor agrees as follows:

- (1) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.
- (2) The contractor will, in all solicitations or advancements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.
- (3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (4) The contractor will comply with all provisions of Executive Order No. 11246 of Sept. 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- (5) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (6) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of Sept.

24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) The contractor will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, that in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the contractor may request the United States to enter into such litigation to protect the interests of the United States." [Sec. 202 amended by EO 11375 of Oct. 13, 1967, 32 FR 14303, 3 CFR, 1966-1970 Comp., p. 684, EO 12086 of Oct. 5, 1978, 43 FR 46501, 3 CFR, 1978 Comp., p. 230]

SECTION 3 CLAUSE

1. All contractors and subcontractors and the City itself when acting as a contractor shall be asked to indicate a good faith effort to meet the Section 3 requirement by signing contracts which contain the clause set forth in 24 CFR 135.20(b) as follows:
 - A. The work to be performed under this contract is on a project assisted under a program providing direct Federal financial assistance from the Department of Housing and Urban Development and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u. Section 3 requires that to the greatest extent feasible opportunities for training and employment be given lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in the area of the project.
 - B. The parties to this contract certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.
 - C. The contractor will send to each labor organization or representative of workers with which he has a collective bargaining agreement or other contract or understanding, if any, a notice advising the said labor organization or workers' representative of his commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.
 - D. The contractor will include this Section 3 clause in every subcontract for work in connection with the project and will, at the direction of the application for or recipient of Federal financial assistance, take appropriate action pursuant to the contract upon a finding that the subcontractor is in violation of regulations issued by the Secretary of Housing and Urban Development 24 CFR Part 135. The Contractor will not subcontract with any subcontractor where it has notice of knowledge that the latter has been found in violation of regulations under 24 CFR Part 135 and will not let any subcontract unless the subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.
 - E. Compliance with the provisions of Section 3, the regulations set forth in 24 CFR Part 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of the contract, shall be a condition of the Federal financial assistance provided to the project, binding upon the applicant or recipient for such assistance its successors, and assigns. Failure to fulfill these requirements shall subject the applicant or recipient, its contractors and subcontractors, its successors, and assigns to those sanctions specified by the grant or loan agreement or contract through which Federal Assistance is provided, and to such sanctions.



CIVIL RIGHTS/EQUAL OPPORTUNITY

Grant Administration Guide Contents (All Civil Rights Pages Begin With the Letter C)

▪ Overview	1 – 2
▪ Checklist for Review of Civil Rights Compliance Records	3
▪ Suggested Activities for Documentation of Civil Rights Compliance	4 – 5
▪ Sample Civil Rights Policy/Resolution	6

GRANT ADMINISTRATION GUIDE CIVIL RIGHTS/EQUAL OPPORTUNITY

Overview

Communities are required to comply with the equal opportunity and non-discrimination laws, both state and federal, in designing CDBG projects.

These laws were established to ensure that members of protected groups are not excluded from participation, denied benefit of, or subjected to discrimination under any program supported in whole or in part with State CDBG funds. The laws apply to private sector job creation arising out of the project, as well as to the recipient's civil rights record as a whole.

In accepting State CDBG funds, the communities take the responsibility for monitoring and ensuring compliance with these laws.

Applicable requirements are listed and summarized below.

- Title VI of the Civil Rights Act of 1964, provides that no person shall be excluded from participation, denied program benefits, or subjected to discrimination on the basis of race, color, or national origin under any program or activity receiving federal financial assistance.
- Title VIII of the Civil Rights Acts of 1968, as amended, prohibits discrimination in housing on the basis of race, color, religion, sex, or national origin.
- Section 3 of the Housing and Urban Development Act of 1968, as amended, provides that, to the greatest extent feasible, opportunities for training and employment that arise through HUD-financed projects shall be given to lower income residents of the project area. Section 3 also provides that contracts awarded in connection with such projects be awarded to businesses located in the project area or businesses owned in substantial part by residents of the project area. (The Housing and Community Development Act of 1980 defines "project area" as the unit of local government or metropolitan area or the non-metropolitan county in which the project is located).
- Section 504 of the Rehabilitation Act of 1973, as amended, provides that no otherwise qualified individual shall, solely by reason of his or her handicap, be excluded from participation (including employment), denied program benefits, or subjected to discrimination under any program or activity receiving federal funds.
- Section 109 of the Housing and Urban Development Act of 1974, as amended, provides that no person shall be excluded from participation (including employment), denied program benefits, or subjected to discrimination on the basis of race, color, national origin, or sex, under any program or activity funded in whole or in part under Title I of the Act.

- The Age Discrimination Act of 1975, as amended, provides that no person shall be excluded from participation, denied program benefits, or subjected to discrimination on the basis of age under any program or activity receiving federal funds.
- Executive Order 11063, as amended, provides that no person shall, on the basis of race, color, religion, sex, or national origin, be discriminated against in housing and related facilities provided with federal assistance or lending practices with respect to residential property when such practices are connected with loans insured or guaranteed by the federal government.
- Executive Order 11246, as amended, provides that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in any phase of employment during the performance of federal or federally assisted construction contracts, and requires Equal Opportunity clauses in all contracts amounting to more than \$10,000. Compliance is monitored by the U.S. Department of Labor.
- The Michigan Elliot Larson Civil Rights Act of 1976 prohibits discrimination in employment, housing and public accommodations because of religion, race, color, national origin, age, sex, or marital status. The Act further provides for non-discrimination clauses in all state and local government contracts and for procedures for handling complaints.
- The Michigan State Fair Employment Practices Act of 1955 prohibits discrimination because of race, color, religion, national origin, ancestry, age, or sex by employers, employment agencies, labor organizations, or individuals with respect to any matter directly or indirectly related to employment. The Act further provides for nondiscrimination clauses in all state and local government contracts and for procedures for handling complaints.

CHECKLIST FOR REVIEW OF CIVIL RIGHTS COMPLIANCE RECORDS

All grantees are required to comply with civil rights and nondiscrimination requirements as outlined in the Michigan CDBG Program Guidelines. Sufficient records should be maintained by the grantee to document compliance with these requirements, and may include the following information.

	<u>YES</u>	<u>NO</u>	<u>N/A</u>
1. A community profile which shows a breakdown of the population by racial and ethnic minority and income characteristics.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Does the Grantee have a civil rights policy, affirmative action plan, or fair housing policy? Do they advertise as an equal opportunity employer?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Complaints regarding civil rights and discrimination were received and resolved or complaints which could not be resolved were referred to the state for investigation and resolution (24 CFR Part 1.7 through 1.11).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Executive Order 11246 language was included in all contracts (E.O. 11246, Part II, Subpart B).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Specific actions were taken to insure non-discrimination in the implementation of the Michigan CDBG Program.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Suggested Activities: Affirmative Action - Local Employment and Contracting

- Develop lists of minority-owned and local businesses in construction trades, business services, and professional services.
- Contact minority business and contractor associations to obtain information on skill and resource capabilities.
- Establish an action plan and goals for the use of minority-owned and local businesses, including opportunities for subcontracting in procurement and construction contracting-related activities.
- Establish goals and take steps to provide opportunities for minority equity investment in funded projects.
- Notify minority firms of contract opportunities and indicate to them when Request for Proposal or bid packages will be available, or when Statements of Interest and Qualifications are due.

Suggested Activities: Affirmative Action - Grantee Equal Employment Opportunity

- Adopt a nondiscrimination employment policy and include this in the personnel rules or employee handbook.
- Post a Michigan Department of Civil Rights' Nondiscrimination in Employment Poster.
- Adopt an affirmative action plan, which includes activities, which will be undertaken to encourage minority employment.
 - Contact community and civic groups which represent minorities for the purpose of recruiting employees;
 - Work with the employment service to fill vacant positions (contact your local Michigan Works! Service Center at 1.800.285.WORKS);
 - Identify minorities suitable for training and promotional opportunities; and
 - Maintain an employment profile which shows a breakdown of the grantee's workforce by racial and ethnic minority and by gender.
- Adopt a civil rights/equal opportunity resolution. A sample resolution is enclosed.

Suggested Activities: Affirmative Action - Fair Housing

- Review local zoning laws and procedures to determine whether they contribute to, or detract from, progress in fair housing. Establish a collection of zoning material to have available for the use of fair housing groups as well as recipient staff.
- Provide funding for local fair housing organizations or provide both financial and technical assistance to citizens wishing to organize such a group.

- Participate in and actively promote community efforts to enact strong fair housing laws.
 - A collection of fair housing laws and ordinances for use of citizens groups as well as recipient staff.
 - A "model" fair housing ordinance for community consideration and adoption.
- Draw on local resources to assess existing public opinion about the status of fair housing in the community. Contact:
 - Fair housing organizations
 - Public and private "community centers"
 - Civil rights groups
 - Organizing representing minorities, women, older citizens, and the handicapped
- Provide pamphlets or booklets giving fair housing advertising guidelines. Provide fair housing posters to display. Develop a local cover letter to accompany this material and send to all local:
 - Newspapers
 - Other publishers of advertisements
 - Real estate firms
 - Banks
 - Savings and loan associations
- Develop active public information and educational programs to provide fair housing information to the community. Focus these programs on the following types of groups:
 - Citizen groups concerned with housing issues (fair housing groups, tenant associations, builders, real estate personnel)
 - Organizations representing specific population groups (minorities, women, senior citizens, etc.)
 - Other local organizations (advocacy groups, unions, voters leagues)
- Document efforts to focus public information activities on:
 - Specific population groups known to have suffered from discriminatory practices in the past.
 - Groups directly involved in housing-related activities.

SAMPLE CIVIL RIGHTS POLICY/RESOLUTION

General Public Policy

It is hereby declared to be contrary to the public policy of _____ (grantee) for any persons to be discriminated against in employment, housing, or participation in publicly funded programs because of race, religion, national origin, color, sex, marital status, age, or handicap.

Employment

The opportunity to obtain employment without discrimination because of race, religion, national origin, color, sex, marital status, age, or handicap is hereby recognized and declared to be a civil right. Further, it shall be contrary to the public policy of _____ (grantee) for any employer to discriminate in hire, promotion, tenure, terms or conditions of employment because of race, religion, national origin, color, sex, marital status, age, or handicap.

Housing

The opportunity to purchase, lease, sell, hold, use, and convey housing without discrimination because of race, religion, national origin, color, sex, marital status, age, or handicap is hereby recognized and declared to be a civil right.

Publicly Funded Programs

The opportunity to participate in federal, state, and locally funded programs without discrimination because of race, religion, national origin, color, sex, marital status, age, or handicap is hereby recognized and declared to be a civil right.

Chief Executive or Clerk

Date



GRANT ADMINISTRATION AND FINANCIAL MANAGEMENT GUIDE

Grant Administration Guide Contents (All Grant Administration Pages Begin With the Letter G)

▪ Overview	1
▪ Grant Approval	2
▪ Grant Agreement	2 – 3
▪ Predisbursements	4
▪ Requesting Grant Funds	4 – 5
▪ Managing CDBG Funds	6
▪ State Monitoring	7
▪ Grant Closeout	8
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GRANT ADMINISTRATION GUIDE

GRANT ADMINISTRATION AND FINANCIAL MANAGEMENT

Overview

The Michigan Community Development Block Grant (CDBG) Grant Administration and Financial Management Guide provides basic information for Michigan CDBG grantees on managing projects and grant funds under approved Michigan CDBG projects. The Guide includes a discussion of the CDBG grant agreement, predisbursement conditions, requesting grant funds, managing grant funds, State monitoring of grants, and grant close out. The Guide also contains sample forms, reports, checklists, and copies of the major federal regulations and requirements governing CDBG funds. Basic federal requirements include 24 CFR (Code of Federal Regulations) Part 85 – Uniform Administrative Requirements for Grants and Cooperative Agreements to State, Local, and Indian Tribal Governments; U.S. Office of Management and Budget Circular Number A-87 – Cost Principles for State, Local, and Indian Tribal Governments; and U.S. Office of Management and Budget Circular Number A-133 – Audits of States, Local Governments, and Non-Profit Organizations.

Any and all questions regarding this Guide should be addressed to the following:

Michigan State Housing Development Authority
Community Assistance Team
735 East Michigan Avenue, Post Office Box 30044
Lansing, Michigan 48909
Telephone: 517.241.1737
Fax: 517.335.5925

CDBG GRANT AGREEMENT

Approval of a Michigan CDBG grant is made by the Michigan State Housing Development Authority's Community Assistance Team. The award of the grant is formalized by a written CDBG grant agreement between the recipient local government and the State. The grant agreement is the legal contract that allows the State to provide CDBG grant funds to the local government for the approved project. The CDBG grant agreement governs the local government's administration of the approved project and specifies eligible project costs, approved budget, scope of work, requirements, terms, and conditions of the CDBG grant.

Because of the importance and legal significance of the CDBG grant agreement, the recipient local government should closely examine and understand all provisions of the grant agreement. By signing the grant agreement, the local government agrees to accept grantee responsibilities, legal liabilities, and applicable federal and state requirements. It is suggested that the local government consult with its attorney prior to executing the CDBG grant agreement.

The local government receives two (2) copies of the grant agreement that have been signed by the State. The community should review the grant agreement and ensure that all statements and provisions are acceptable. If the grant agreement is found to be acceptable, the local government should sign both original copies and return one original copy to the State. The local government retains one original copy of the grant agreement.

The Grant Agreement is divided into the following major sections:

- Grant Offer;
- Special Terms and Conditions;
 - Total Authorized Budget;
 - Scope of Work;
- General Terms and Conditions;
- Acknowledgment; and
- Attachments.

The Grant Offer contains the maximum dollar amount of the grant and the maximum percentage to the total project. CDBG funds shall not exceed the maximum dollar amount or percentage. The grant offer contains the term of work performance (or project period) that identifies the start date (effective date of the grant) and ending date for the project. CDBG costs must be incurred during the term of work performance.

The Special Terms and Conditions section contains the name and address of the grantee and grantor, a summary budget, and Scope of Work. The budget is shown as an attachment and includes a form identifying the sources and uses of project funds including grant funds and other public and private funds. The budget form shows all project activities and the costs associated with each activity.

The Scope of Work contains a narrative description of work activities to be undertaken as part of the project. The project description is an attachment to the grant agreement. The CDBG application is referenced. The Scope of Work describes activities that must be completed before certain grant funds are requested by the local government or disbursed by the State (these are referred to as predisbursement conditions and are more fully described below). The Scope of Work also includes provisions on job creation, project progress reporting, and annual audits. The job creation provisions identify a specific number of jobs to be created and include the requirement that at least 51 percent of the jobs be made available to or held by low and moderate-income people. Attached to the grant agreement is an Income Certification form for certifying job creation and the 51 percent requirement. The Scope of Work includes a provision that the local government or private company has a liability to the State and may be required to repay grant funds if the job creation objectives are not met.

The General Terms and Conditions section identifies requirements governing subrecipients and contractors, eligible project expenses, grantee compliance, maintenance and retention of records, amendments, prohibition on interest earned, program income, grant suspension and termination, audit, closeout, and employment agreements.

For CDBG economic development projects involving job creation, the grant agreement includes an Acknowledgement and Certification of Beneficiary signed by the private company. The Acknowledgement and Certification identifies the private company participating in the project and documents the amount of private investment, job creation, and the requirement that at least 51 percent of the jobs are made available to or held by low and moderate-income people. By signing this section, the company agrees to abide by the terms of the grant agreement.

CDBG PREDISBURSEMENT CONDITIONS

A Michigan CDBG grant is subject to special conditions and contingencies that must be adequately addressed by the local government prior to receiving grant funds. These predisbursement conditions include compliance with environmental review procedures, federal labor standards, Uniform Relocation Act, and procurement of personal services, consultants, and engineers.

Prior to disbursement of grant funds, the local government must provide documentation that the local government has completed its portion of the HUD required environmental review procedures. This includes submitting the entire environmental record and the Request for Release of Funds and Certification form. Under no conditions may any project funds be committed or any project costs be incurred until the local government submits the required environmental review documents and the local government receives a written letter authorizing the local government to commit funds and incur costs. If the local government (or company) commits any funds or incurs any costs prior to authorization, the CDBG grant will become null and void.

For projects involving construction activities, the local government will be required to submit bid specifications or other documentation showing compliance with federal labor standard requirements (Davis Bacon and Related Acts). This may also include submitting initial construction contractor payroll reports, evidence that the payroll reports have been reviewed and verified, and evidence of construction worker interviews.

For projects that involve the acquisition of real estate (including permanent easements and right of ways) or the relocation of persons, families, businesses, non-profit organizations, or farms the grantee shall provide documentation of compliance with the Uniform Relocation Act.

If grant funds are to be used to engage consultants or engineers, the grantee must use competitive negotiations through a request for proposals or requests for qualifications (RFP or RFQ) process. Prior to disbursement of grant funds, the grantee must provide a copy of the RFP or RFQ, a list of respondents and evaluation, and recommendation for award of the contract. For engineering contracts of less than \$100,000, grantees are allowed to use small purchase procedures. Price and rate quotations should be solicited from a reasonable number of qualified sources.

Grant recipients will not be allowed to receive grant funds until all predisbursement conditions have been met.

Grant funds should only be requested on a reimbursement basis or when there is immediate cash need for these funds. Federal regulations indicate that grantees shall only be paid in advance, provided they demonstrate the ability to maintain procedures to minimize the time elapsing between transfer of grant funds and disbursement of these funds (usually no more than one to two weeks). Federal regulations indicate that reimbursements shall be the preferred method when the above provisions cannot be met [(24 CFR 85.21 (c)/(d))].

Under federal regulation (24 CFR Part 570.489), grant recipients are prohibited from earning any interest on grant funds. In instances when it is determined that interest has been earned on grant funds, the grantee will be required to return this interest to the State. These interest funds are returned to the U.S. Treasury. Grantees should use non-interest bearing accounts when handling CDBG funds.

Grantees are advised to request CDBG funds only when there is actual cash need for these funds. The grantees should expect to receive CDBG funds within two (2) weeks of submitting a payment request. (Sample form in appendix.)

The amount of time between a grantee's receipt and expenditure of grant funds should be no more than two (2) weeks. Grantees should not hold grant funds for an extended period of time; however, grantees may hold up to \$5,000 in grant funds throughout the project term of work performance. CDBG funds should be held in a non-interest bearing account.

MANAGING CDBG FUNDS

In managing and accounting for CDBG funds, grant recipients are required to comply with Administrative Requirements for Grants and Cooperative Agreements to State, Local, and Federally Recognized Indian Tribal Governments (24 CFR part 85) and Cost Principles for State and Local Governments (OMB Circular A-87).

Grantees must have financial management systems that provide accurate, current, and complete disclosure of the financial status of each CDBG supported activity. Financial systems must be capable of generating regular financial status reports, which trace and indicate the dollar amount expended for each project activity (See project budget in Grant Agreement). The system must allow for a comparison of actual expenditures and revenues against budgeted amounts.

Grantees will be requested to supply the following documentation during on-site monitoring visits:

- Copies of all state warrants for receipt of CDBG funds;

- Copies of all checks written by the grantee for expenditure of grant funds including invoices, receipts, bills, purchase vouchers, payrolls, and other source documentation for expenditures on CDBG funded activities; and

- Documentation on internal accounting controls to safeguard CDBG funds.

Any employee of the grantee who handles CDBG cash must be insured and bonded.

STATE MONITORING OF CDBG FUNDS

The award of a CDBG grant is just the beginning of many activities needed to successfully complete your project. The State is available to assist the grantee in meeting program requirements and completing the project in a timely manner. To ensure project progress and compliance with program requirements the State will monitor each approved CDBG project through the following activities:

On-site Monitoring Review - As part of the CDBG grant agreement, the state will conduct at least one on-site monitoring review of the project (generally, excluding planning grants). The monitoring review will include discussions with local grant administrators and staff, an examination of all local project records and documents, and a tour of the project site. In many instances, it may be necessary for the community to make arrangements with the local business(es) benefiting from the project for a tour of their facility. Most on-site monitoring reviews are limited to one day;

Program Progress Reports - All grantees are required to submit semi-annual program progress reports. The objectives of the program progress reports are for the grantees to identify project progress, anticipated project completion date, status of job creation (if applicable), and any anticipated problems or delays. Failure to submit program progress reports jeopardizes the funding of the CDBG grant even if there have been no project activities or progress. (Sample form in appendix.); and

Technical Assistance - The State provides up-front technical assistance to grantees regarding the structuring of their project. This includes providing assistance to communities in meeting federal requirements associated with the Michigan CDBG program. At the time of grant approval, the State CDBG staff will deliver the grant agreement documents to the community and address any questions or concerns regarding the CDBG project.

GRANT CLOSE OUT

After the CDBG project has been completed and all grant and other funds have been expended, the State will formally close out the CDBG project. Formal closeout requires that the following items be submitted to the State:

A final program progress report;

If the project involves the investment of matching funds, a statement from the sources of matching funds certifying the amount and use of funds invested;

If the project involves job creation, the private firm will be required to document actual job creation and/or retention. In order to document that at least 51 percent of the jobs are held by or available to low and moderate-income people, the grantee or private firm must submit the income certification forms;

Grantees will be required to document that one public hearing was held after grant award and prior to grant close out; and

Audit reports will be required for each fiscal year in which the grantee received CDBG funds. Grantees must comply with the Single Audit Act of 1984 (P.L. 98-502) and OMB Circular A-133, in preparing the audit reports. Grantees will be required to submit these audit reports within 30 days of the completion of these audits, but no more than nine months after the end of grantees fiscal year. Grantees who expend less than \$500,000 of federal funds per fiscal year are not required to submit a single audit and should contact our office regarding documentation, which will need to be submitted to verify the receipt and expenditure of CDBG funds.

Project will not be considered formally closed out until the grantee receives a close out letter and Certificate of Completion from the State.

APPENDIX

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
COMMUNITY ASSISTANCE TEAM

CDBG GRANT PAYMENT REQUEST

1. Project Title:		2. Grant Agreement No.	
3. Name and Address of Grantee		4. Federal I.D. No.	
5. Current Report Period		To	
6. Term of Work Performance (specified in Grant Agreement)		7. Request No.	
8. Final Request		9. Current CDBG Payment Requested (f+g)	
Yes		No	
10. CDBG Project Activities (from grant budget)		TOTAL	
a. Federal Funds Previously Expended			
b. Federal Funds Expended This Report Period			
c. Total Federal Funds Expended to date (a+b)			
d. Total Federal Funds Currently on Hand			
e. Total Previous Federal Funds Requested			
f. Request for Reimbursement			
g. Request for Advance			
h. Total Lines (e+f+g)			
i. Approved Grant Budget (CDBG Funds Only)			
11. Uncommitted Program Income Received to Date \$			
12. Certification: I certify that to the best of knowledge and belief this request is correct and that all financial actions are in accordance with the terms and conditions of the CDBG Grant Agreement. I also certify that the amount of grant payment requested is not in excess of current cash needs.		Signature: _____ Name/Title: _____ Date: _____	
13. Remarks:		14. MSHDA CATEam Approval	
Signature		Date	
Signature		Date	

PAYMENT REQUEST INSTRUCTIONS

When requesting CDBG funds, please round amounts to the nearest dollar.

1. Project Title: Identified in the grant agreement.
2. Grant Agreement No.: Identified in the grant agreement.
3. Name and Address of Grantee: Use mailing address of grantee.
4. Federal I.D. No.: Enter employer identification number of grantee assigned by the U.S. Internal Revenue Service.
5. Current Report Period: Indicate the period of time in which costs were incurred for the grant funds you are requesting.
6. Term of Work Performance: This is the time period identified in the grant agreement and will remain the same unless amended by the Michigan State Housing Development Authority.
7. Request No.: Enter the number of this request. The requests are to be numbered consecutively starting with No. 1.
8. Final Request: The appropriate response should be checked. If checked yes, it will be assumed that no further requests for payment will be submitted.
9. Current CDBG Payment Requested: Total of lines 10(f) and 10(g).
10. Project Activities: Indicate as column headings the title of each budget line item as it appears in the grant agreement.
 - (a) CDBG Funds Previously Expended: Enter grant expenditures from line 10(c) of the last previous grant payment requests. If this is the first request, enter zero on this line.
 - (b) CDBG Funds Expended This Report Period: Indicate expenditures incurred from the date of last report to ending date of this report period.
 - (c) Total CDBG Funds Expended To Date: Add lines 10(a) and 10(b) together.
 - (d) Total CDBG Funds Currently On Hand: Total unexpended grant funds held by grantee.
 - (e) Total Previous CDBG Funds Requested: Indicate total grant payments requested prior to this payment request.
 - (f) Request for Reimbursement: Enter amount requested as a reimbursement for expenditures during this report period.
 - (g) Request for Advance: Enter amount of grant funds needed for expenses anticipated to be incurred within three weeks of this request.
 - (h) Total Lines E, F, and G: Add lines 10(e) + 10(f) + 10(g).
 - (i) Approved Grant Budget: This information will be obtained from the grant agreement budget. Use only the CDBG portion of the budget. This information will not change unless a budget amendment is approved by the Michigan State Housing Development Authority.
11. Program Income: Total uncommitted program income earned by grantee on all CDBG grants to date.
12. Certification: Authorized representative of the grantee must sign and date certification to receive payment. Please type or print name and title on the line below the signature line in the certification section.
13. Remarks: Provide additional information if needed.



MSHDA CATEAM CDBG PROGRAM PROGRESS REPORT

INSTRUCTIONS: Grantees under the Michigan CDBG Program are required to prepare a program progress report every six months. The program progress report must be completed and submitted to the Michigan State Housing Development Authority. Progress reports are required on April 1st and October 1st. The information provided should be cumulative from the beginning date of the term of work performance. Failure to submit a complete program progress report may jeopardize further disbursement of grant payments by the State and could result in a negative determination of the grantee's capacity for administering grant funds.

A. PROJECT IDENTIFICATION

Grantee:	Grant Number:
Mailing Address:	Grant Amount:
E-Mail Address:	
Project Title:	
Term of Work Performance _____ to _____ (Grant Start Date) (Grant End Date)	Final Report: Yes No <input type="checkbox"/> <input type="checkbox"/>

B. CERTIFICATION

I certify that to the best of my knowledge and belief this report is correct, complete, and accurately presents the current status of the approved CDBG project.

Date:	Signature:
Telephone Number:	Name and Title:
E-Mail Address:	

Please Mail Completed Form To:

**Michigan State Housing Development Authority
Community Assistance Team
735 East Michigan Avenue
Post Office Box 30044
Lansing, Michigan 48909**

C. PROJECT STATUS

CDBG Grant Amount: \$	Total CDBG Payments Received: \$
Total Local Funds Expended: \$	Total CDBG Funds Expended: \$
Total Private Funds Expended: \$	Percent of project complete: _____ %
Total Other Funds Expended: \$	
Is the CDBG portion on schedule? Yes or No	Is the Private portion on schedule? Yes or No

Activities (CDBG Funded)	Completed (Yes or No)	Actual/Expected Completion Date	Comments: progress, problems, delays, etc.
Environmental Review			
Engineering/Planning			
Property Acquisition/Relocation (if any)			
Bid Opening			
Contract Award			
Construction			
All CDBG Funds Expended			
Brief Status of Project - CDBG Portion (identify any progress, problems, or delays).			

Brief Status of Project - Private Portion (identify any progress, problems, or delays).			

D. EMPLOYMENT IMPACT

(Does not apply to non job creation Michigan Projects)

	New Jobs Created	Retained Jobs
Total number of anticipated jobs to result from the project as identified in the Grant Agreement		
Total number of actual jobs to date.		
Total number of actual jobs to date held by low and moderate-income persons.		
Is the grantee collecting low/mod certification forms? (circle one)	Yes or No	

E. PROJECT BENEFICIARIES

Grantee	Project	
	Title	Number

As **required** by the federal government, please provide the following ethnicity and gender characteristics of person(s) benefiting from your CDBG project. For job creation projects, the total number of project beneficiaries should exactly match the number of persons hired as a result of the project and entered in Section D. Employment Impact. If the companies involved in the project do not wish to ask their employees to provide their ethnicity, the information can be provided by the employer's best observational estimate. Projects that do not involve job creation should provide the most recent census data for the area(s) benefiting from the project.

I certify for statistical purposes only that the project beneficiaries are of the following ethnic background:

Ethnicity	# Total	# Hispanic
White		
Black/African American		
Asian		
American Indian/Asian Native		
Native Hawaiian/Other Pacific Islander		
American Indian/Alaskan Native & White		
Asian & White		
Black African American & White		
American Indian/Alaskan Native & Black/African American		
Other Multi-Racial		
Total Number of Project Beneficiaries:		

of Female Head of Household: _____

NOTE: Hispanic will be an ethnicity category that cuts across all races. Those who are White, Black, Asian, Pacific Islander, and American Indian, or Other Multi-Racial may also be considered Hispanic.